



COMMERCE COMMISSION

Media Release

Issued 26 August 2010/ no 15

Commerce Commission draft report recommends resale deregulation

The Commerce Commission has today released its draft report into whether the services that Telecom provides to other telecommunications companies to be resold should remain subject to the Telecommunications Act 2001.

Retail services such as residential lines and broadband services are offered by Telecom to wholesale customers to resell at a discount to the retail price – these are known as resale services, and are currently provided commercially by Telecom’s wholesale division. Resale services are subject to the Act so that wholesale customers, in the event that they are unable to agree commercial terms with Telecom, have the ability to ask the Commission to determine the terms and conditions (including price) for supply of these services by Telecom.

The Commission’s preliminary view is that wholesale broadband services, business data services and bundled resale services should no longer be subject to the Act given their low take up and the availability of alternative services.

The Commission’s preliminary view is that in areas where there are limited alternatives to Telecom and a significant take up of specific resale services (such as residential and business lines and smart phone services, like Call Minder), these services should remain subject to the Act to provide assurances that the service will continue to be provided by Telecom if commercial negotiations were to fail.

“The Commission’s view is that regulatory intervention in telecommunications markets should be scaled back in areas where we consider there is effective competition, or when alternative services are available to access seekers,” said Telecommunications Commissioner Dr Ross Patterson.

“Regulation should not impose or maintain burdens which are unnecessary, and it is the Commission’s objective to reduce regulation of telecommunications markets as effective competition develops.”

Submissions on the draft report are due by 5pm on Thursday 23 September 2010 and can be sent to telco@comcom.govt.nz

The draft report can be downloaded from the Commission’s website at www.comcom.govt.nz/resale-services-investigation

Background

Resale services occur when Telecom provides its retail services on a wholesale basis to other telecommunications service providers.

Retail services are designated access services under subpart 1 of Part 2 of Schedule 1 of the Telecommunications Act 2001 (the Act). The retail services which are currently resold by Telecom are:

- Retail services offered by means of Telecom’s fixed telecommunications network (FTN);
- Residential local access and calling services offered by means of Telecom’s FTN;
- Bundle of retail services offered by means of Telecom’s FTN; and
- Retail services offered by means of Telecom’s FTN as part of bundle of retail services.

On 1 October 2009, the Commission announced that it had decided to undertake an investigation into whether or not resale services should be omitted from Schedule 1 of the Telecommunications Act 2001 (or if not omitted, amended in some form).

Schedule 3 of the Telecommunications Act. Under Schedule 3, the Commission can commence an investigation into whether or not the list of regulated telecommunications services contained in Schedule 1 of the Act should be amended by adding a new service, omitting a service, or amending the terms of an existing service, including whether a specified telecommunications service should become a designated telecommunications service (ie, become a service where the terms and conditions including price can be set by the Commission). The Commission then makes a recommendation based on its investigation to the Minister for Communications and Information Technology.

Media contact:	Felicity Connell, Senior Communications Adviser
	Phone work (04) 924 3709, mobile 0212 254 454

Commission media releases can be viewed on its web site www.comcom.govt.nz